

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Income Statement****For the Third Quarter Ended 30 Sep 2014****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2014 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2013 RM'000	Current Year To Date ended 30 Sep 2014 RM'000	Preceding Year Corr. Period ended 30 Sep 2013 RM'000
Revenue	46,510	54,555	122,525	153,898
Cost of sales	(43,245)	(50,119)	(111,935)	(139,984)
Gross profit	3,265	4,437	10,590	13,914
Other operating income	1,752	212	1,732	499
Administrative expenses	(4,121)	(2,962)	(10,939)	(8,950)
Selling and marketing expenses	(36)	(217)	(96)	(670)
Finance costs	(343)	(535)	(1,128)	(1,650)
Share of loss of associated companies	(0)	-	(0)	-
Profit/ (loss) before tax	517	935	159	3,143
Tax expense	(137)	-	(477)	-
Profit/ (loss) for the period	380	935	(318)	3,143
Profit attributable to:				
Owners of the company	205	346	(397)	1,130
Non-controlling interests	175	589	79	2,013
	380	935	(318)	3,143
Earning/(Loss) per share (sen)				
- Basic	0.07	0.11	(0.13)	0.37
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

Note: Share of loss of associated companies is RM49.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

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INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Comprehensive Income****For the Third Quarter Ended 30 Sep 2014****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2014 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2013 RM'000	Current Year To Date ended 30 Sep 2014 RM'000	Preceding Year Corr. Period ended 30 Sep 2013 RM'000
Profit/ (loss) for the period	380	935	(318)	3,143
Other comprehensive income				
Foreign currency translation differences	0	(11)	16	(97)
Total comprehensive income	<u>380</u>	<u>924</u>	<u>(302)</u>	<u>3,046</u>
Comprehensive income attributable to:				
Owners of the company	205	480	(381)	1,036
Non-controlling interests	175	444	79	2,010
	<u>380</u>	<u>924</u>	<u>(302)</u>	<u>3,046</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

MINETECH RESOURCES BERHAD (575543-X)

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INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Financial Position****As at 30 Sep 2014**

	Unaudited As At 30 Sep 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,939	49,917
Investment properties	1,657	1,659
Investment in associate	-	-
Quarry development expenditure	8,728	7,540
Goodwill arising on consolidation	3	3
	<u>60,327</u>	<u>59,119</u>
Current assets		
Inventories	8,607	7,451
Trade and other receivables	44,284	49,146
Current tax asset	89	144
Cash and bank balances	14,282	15,757
	<u>67,263</u>	<u>72,498</u>
Total assets	<u><u>127,590</u></u>	<u><u>131,617</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	66,538	66,538
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(17,713)	(17,332)
	<u>48,777</u>	<u>49,158</u>
Non-controlling interests	1,790	1,711
Total equity	<u>50,567</u>	<u>50,869</u>
Non-current liabilities		
Borrowings	9,502	7,609
Deferred tax liabilities	2,741	2,740
	<u>12,243</u>	<u>10,349</u>
Current liabilities		
Trade and other payables	55,454	55,526
Borrowings	9,283	14,380
Taxation	43	493
	<u>64,780</u>	<u>70,399</u>
Total liabilities	<u>77,023</u>	<u>80,748</u>
TOTAL EQUITY AND LIABILITIES	<u><u>127,590</u></u>	<u><u>131,617</u></u>
Net assets per share (RM)	0.152	0.153

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

	----- Attributable to equity holders of the parent -----							
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 Jan 2013	60,494	1,921	(48)	226	(11,154)	51,439	829	52,268
Total comprehensive income	-	-	-	(93)	1,223	1,130	2,014	3,143
Balance as at 30 Sep 2013	<u>60,494</u>	<u>1,921</u>	<u>(48)</u>	<u>132</u>	<u>(9,931)</u>	<u>52,568</u>	<u>2,843</u>	<u>55,411</u>
At 1 Jan 2014	66,538	1,921	(48)	218	(19,471)	49,158	1,711	50,869
Total Comprehensive income	-	-	-	16	(397)	(381)	79	(302)
Balance as at 30 Sep 2014	<u>66,538</u>	<u>1,921</u>	<u>(48)</u>	<u>234</u>	<u>(19,868)</u>	<u>48,777</u>	<u>1,790</u>	<u>50,567</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

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INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Cash Flows

For the Third Quarter Ended 30 Sep 2014

(The figures have not been audited)

	Current Year To Date ended 30 Sep 2014 RM'000	Unaudited As At 30 Sep 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	159	3,143
Adjustments for:-		
Depreciation and amortisation	7,231	7,540
Construction In Progress charge out to expenses	(1,185)	-
(Gain)/ Loss on disposal of property, plant and equipment	73	(36)
Interest expenses	974	1,440
Property, plant and equipment written off	370	68
Interest income	(97)	(70)
Operating profit before changes in working capital	7,525	12,085
Changes in working capital		
(Increase)/Decrease in inventories	127	246
(Increase)/Decrease in current assets	2,613	1,425
Increase/ (Decrease) in current liabilities	2,268	9,627
Net cash generated from operations	12,533	23,383
(Tax paid)/Tax refunded	(950)	131
Interest paid	(255)	(307)
Net cash generated from operating activities	11,328	23,207
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(7,428)	(7,087)
Proceeds from disposal of property, plant & equipment	172	207
Investment in associate company	(0)	-
Quarry development expenditure incurred	(1,669)	-
Net cash (used in)/ generated from investing activities	(8,925)	(6,881)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(719)	(1,134)
Interest received	97	70
Net Drawdown/ (Repayment) of short term borrowings	156	(5,554)
Drawdown of term loans	-	1,804
Repayment of term loans	(6,088)	(5,877)
Proceeds from hire-purchase	6,067	-
Repayment of hire-purchase and lease creditors	(2,515)	-
Net cash used in financing activities	(3,002)	(10,691)
Net Change in Cash & Cash Equivalents	(599)	5,636
Cash and Cash Equivalents at beginning of period	14,788	7,232
Effect on foreign exchange rate changes	93	(143)
Cash and Cash Equivalents at end of period	14,282	12,725
Note	RM'000	RM'000
Fixed deposit with licensed banks	4,466	4,388
Cash and bank balances	11,291	8,655
Bank overdrafts	(1,475)	(319)
	14,282	12,725
Less: Fixed deposits pledged to a licensed bank	-	-
	14,282	12,725

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements and the audited financial statements for financial year ended 31 December 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

1. Change in Financial Year End

The Board of Directors of Minetech Resources Berhad and its subsidiaries (“the Group”) has changed the financial year end date of the Group from 31 December to 31 March effective 7th October 2014. Accordingly, the financial period end date of the Group under review is for the nine month period ended 30 September 2014. The next audited financial statements of the Company shall be for a period of 15 months, made up from 1 January 2014 to 31 March 2015.

Thereafter, the subsequent financial years of the Group shall end on 31 March every year.

2. Basis of preparation

The interim financial statements are unaudited and have been prepared in according with MFRS 134: - Interim Financial Reporting issued by the Malaysia Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

These explanatory notes attached to the interim financial reports provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

3. Adoption of Revised Financial Reporting Standards

Effective for annual periods commencing on and after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for annual periods commencing on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

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3. Adoption of Revised Financial Reporting Standards (Continued)

**Effective for annual periods commencing on or after 1 January 2013
(Continued)**

Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134 IC Interpretation 20	Annual Improvements 2009-2011 Cycle Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 2	Annual Improvements 2009-2011 Cycle

The adoption of the above standards and IC interpretations did not have any significant impact on the financial performance of the Group.

MFRSs, Amendments and IC Interpretations were issued but not yet effective:

At the date of authorization of this interim report, the following MFRSs, Amendments to MFRSs and IC interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual periods beginning on and after
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendment to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle		1 July 2014
MFRS 14	Regulating Deferral Account	1 January 2016
Amendments to MFRS 11	Accounting for Acquisition of Interest in Joint Operations	1 January 2016

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3. Adoption of Revised Financial Reporting Standards (Continued)

MFRSs, Amendments and IC Interpretations were issued but not yet effective (Continued):

Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 9 and MFRS 7	Mandatory Date of MFRS 9 and Transition Disclosures	To be announced
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be announced

4. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

5. Seasonal or cyclical factors

The Group's business operations and performance are not significantly affected by any seasonal or cyclical factors except during the festive season in the month of February, August and the raining season from November to December period. The manufacturing and trading of industrial products will experience a shorter production and trading time during these four (4) months.

6. Unusual items affecting assets, liabilities, equity, net income and cash flows

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the current quarter under review.

7. Change in accounting estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current quarter under review.

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8. Issuance of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review

9. Dividend payment

There were no dividends paid during the current financial quarter.

10. Segmental information

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Quarry products	:	Provision of turnkey and specialised quarry services and sales and marketing of quarry products
Civil engineering	:	Specialised civil engineering works
Premix products	:	Manufacturing and trading of premix products
Bituminous product	:	Manufacturing and trading bituminous products
Others	:	Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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10. Segmental information (Continued)

Segment information for the financial year ended 30 September 2014:

2014	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	33,196	38,148	27,806	18,347	5,028	-	122,525
Inter-segment sales	2,729	220	-	981	471	(4,401)	-
	<u>35,925</u>	<u>38,368</u>	<u>27,806</u>	<u>19,328</u>	<u>5,499</u>	<u>(4,401)</u>	<u>122,525</u>
Results							
Segment results	(2,412)	4,363	(257)	834	(1,084)	(157)	1,287
Finance costs							(1,128)
Share of loss of associated companies							(0)
Loss before tax							<u>159</u>
Taxation							<u>(477)</u>
Loss for the financial year							<u><u>(318)</u></u>

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10. Segmental information (Continued)

Segment information for the financial year ended 30 September 2013:

2013	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	41,739	44,400	27,821	37,928	2,010	-	153,898
Inter-segment sales	3,125	281	-	17	1,670	(5,093)	-
	<u>44,864</u>	<u>44,681</u>	<u>27,821</u>	<u>37,945</u>	<u>3,680</u>	<u>(5,093)</u>	<u>153,898</u>
Results							
Segment results	(5,121)	2,404	764	6,896	(462)	(612)	4,793
Finance costs							(1,650)
Share of loss of associated companies							-
Loss before tax							<u>(3,143)</u>
Taxation							-
Loss for the financial year							<u><u>(3,143)</u></u>

11. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous audited financial statements.

12. Material events not reflected in the financial statements

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group.

13. Changes in composition of the Group

There were no material changes in the composition of the Group for the year ended 30 September 2014, except for the following:-

- a) On 5 March 2014, the Group announced that it had established a wholly-owned subsidiary known as Minetech Heavy Machineries Sdn. Bhd (“MHMSB”). to undertake the business of distribution of heavy machineries. Mr Choy Sen @ Chin Kim Sang and Mr Chin Leong Choy are the directors and promoters of MHMSB.

On 25 July 2014, the Group acquired 49 ordinary share of RM1.00 each in MHMSB at RM1.00 per share resulting in MHMSB becoming a 51%-owned subsidiary of the Group. The total issued capital of MHMSB now stands at 100 ordinary shares of RM1.00 each and the paid-up capital is RM100.00.

- b) On 17 April 2014, the Group acquired 1,470,000 ordinary shares of RM1.00 each in Minetech Korea Petroleum Industrial Sdn Bhd (“MKPI”) at RM1.00 per share resulting in MKPI becoming a wholly-owned subsidiary of the Group.

On 23 July 2014, MKPI changed its name to Minetech Asphalt Man International Sdn Bhd (“MAMI”).

- c) On 12 June 2014, Minetech Construction Sdn Bhd (“MCSB”), a wholly owned subsidiary of MRB Group, had acquired 49 ordinary shares, representing 49% issued and paid-up share capital of Minetech Builder Sdn Bhd (“MBSB”) at par value of RM1.00 per share. As a result, MBSB became an associate of the Group. MBSB is currently dormant and its intended principal activity is engaged in the provision of specialised civil engineering services.

The above establishment does not have any material effect on the earnings per share, gearing and net assets per share of the Minetech Group.

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14. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities are as follows:

	As At 30 Sep 2014 RM'000	As At 31 Dec 2013 RM'000
Corporate Guarantee	111,464	84,466
Bank guarantee	2,844	4,204
	<u>114,308</u>	<u>88,670</u>

There were no contingent assets as at the date of this interim financial report.

15. Capital commitments

Capital commitment not provided for in the financial year as at 30 September 2014 were as follows:

	As at 30 Sep 2014 RM'000
Approved and contracted for property, plant & equipment and motor vehicles	14,515

16. Related party transactions

	As at 30 Sep 2014 RM'000	As at 30 Sep 2013 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	144	122
Rental paid to Low Choon Lan	45	41
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	180	180
Professional fees paid to Chai Woon Chew	17	21

The Board of Directors, save for the interested directors are of the opinion that all business transactions between the Group and the interested directors and interested substantial shareholders and/or persons connected to them are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

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B. ADDITIONAL DISCLOSURES IN COMPLIANCE WITH THE BURSA SECURITIES LISTING REQUIRMENTS

17. Review of the performance of the Company and its principal Subsidiary

The comparison of the results is tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended 30 Sep 2014 RM'000	9 months ended 30 Sep 2014 RM'000	3 months ended 30 Sep 2014 RM'000	9 months ended 30 Sep 2014 RM'000
Quarry and Building Materials Products	23,432	63,730	(1,353)	(2,669)
Civil Engineering and Bituminous Products	21,020	57,697	2,773	5,197
Others	3,610	5,499	(554)	(1,084)
Eliminations	(1,550)	(4,401)	(6)	(157)
Group	<u>46,512</u>	<u>122,525</u>	859	1,287
Less: Finance Cost			(342)	(1,128)
Loss Before Tax			<u>517</u>	<u>159</u>

(a) Q3/14 vs Q3/13

The Group's revenue for the 3rd quarter ended 30 September 2014 has decreased by 14.7% to RM46.5 million as compared to RM54.6 million in the previous year corresponding quarter. The Group recorded a profit before tax ("PBT") of RM 0.5 million for the current quarter ended 30 September 2014 as compared to profit before tax ("PBT") of RM0.9 million in the previous year corresponding quarter.

Quarry and Building Materials Products Segment

The revenue for quarry and building materials products segment decreased by 12.4% from RM26.7 million to RM23.4 million. This was mainly due to two quarries that were operational in 3QFY2013 were no longer operational in 2014. In addition, there are permit issues arise resulting in low production and sales. The segment operating loss was decreased by 22.2% from RM1.8 million to RM1.4 million.

Civil Engineering and Bituminous Products Segment

Revenue from civil engineering and bituminous products segment was lower at RM21.0 million, representing a decrease of 25.8% from RM28.3 million. It was mainly due to the decrease in bituminous product sales. In line with lower revenue, the segment operating profit was decreased by 12.5% from RM3.2 million to RM2.8 million.

Others

Others refer to the holding, trading and dormant companies of the Group. The revenue increase by 66.7% from RM1.2 million to RM3.6 million. However, it result in others segment operating loss from RM0.1 million to RM0.6 million, representing an increase of 500%. This was mainly due to the followings:

17. Review of the performance of the Company and its principal Subsidiary (continued)

(a) Q3/14 vs Q3/13 (Continued)

- (i) Asset written off of RM174,000 for the group due to the Group's policy of writing off fixed asset with cost and net book value of less than RM5,000 per unit.
- (ii) Holding company incurring legal and professional fees of up to RM285,000 for capital reduction and rights issue corporate exercise.

(b) 9M/2014 vs 9M/2013

The Group's revenue for the nine months ended 30 September 2014 ("9M/2014") has decreased by 20.4% to RM122.5 million as compared to RM153.9 million in the previous year corresponding quarter ("9M/2013"). The Group recorded a profit before tax ("PBT") of RM 0.2 million for the current quarter ended 30 September 2014 as compared to RM3.1 million in the previous year corresponding quarter.

Quarry and Building Materials Products Segment

The revenue for quarry and building materials products segment decreased by 12.4% from RM72.7 million to RM63.7 million. This was mainly due to two quarries that were operational in 3QFY2013 were no longer operational in 2014 and there are permit issues arise resulting in low production and sales. The segment operating loss was decreased by 38.6% from RM4.4 million to RM2.7 million.

Civil Engineering and Bituminous Products Segment

Revenue from civil engineering and bituminous products segment was lower at RM57.7 million, representing a decrease of 30.1% from RM82.6 million. This was mainly due to the followings:

- (i) Construction projects in 3QFY2013 that have already been completed and not recurring in 2014 amounting to RM22 million, which was partially offset by new projects of RM13.1 million in 3QFY2014.
- (ii) Decrease in Bituminous Product sales.

In line with lower revenue, the segment operating profit decreased by 44.1% from RM9.3 million to RM5.2 million.

Others

Others refer to the holding, trading and dormant companies of the Group. The revenue increase by 48.6% from RM3.7 million to RM5.5 million. However, the others segment operating results decreased by 320% from profit of RM0.5 million to loss of RM1.1 million. This was mainly due to the followings:

- (i) Asset written off of RM0.5 million for the group due to the Group's policy of writing off fixed asset with cost and net book value of less than RM5,000 per unit.
- (ii) Holding company incurring legal and professional fees of up to RM0.6 million for capital reduction and rights issue corporate exercise.
- (iii) Holding company incurred additional consultancy fees of RM100,000 in 3QFY2014

18. Explanatory comments on any material change in the profit before tax for the quarter reported on as compared with preceding quarter

The Group's revenue for the 3rd quarter ended 30 September 2014 has increased by 9.7% to RM 46.5 million as compared to RM 42.4 million in the preceding quarter ended 30 Jun 2014.

The Group recorded a profit before tax ("PBT") of RM 517,000 for the current quarter as compared to loss before tax ("LBT") of RM 247,000 in the preceding quarter ended 30 Jun 2014. The increase in PBT for the current quarter as compared to LBT for immediate preceding quarter are mainly due to bad debt recovery from customers Saujana Triangle and Wawasan Serbaneka, amounting to RM1.2 million.

19. Prospects

Going forward, the Group will continue with its on-going expansion plan to collaborate with other industry experts to improve the existing asphalt products and to expand the range of asphalt products to other regions in Malaysia and overseas countries.

However, there is still volatility of global raw material prices as well as bitumen prices and the Ringgit's weakening against the Singapore Dollar continues to pose as a challenge to the Group's profitability.

Despite the challenges, the Group remains committed to its efforts to actively participate in the tendering of projects in Malaysia and projects to be rolled-out under the on-going implementation of infrastructure project from the Government's Economic Transformation Programme ("ETP") throughout Malaysia to further enhance shareholder's value.

The Group has already completed the Cochrane Station in the Klang Valley Mass Rapid Transit Project ("MRT Project") and is currently engaged in Maluri Station. The Group aims to continue its participation in the MRT Project for Line 2 and 3 as it cements its good reputation due to completion of its scope within budget and time constraints. Other ongoing construction projects are the infrastructure works for I-City in Shah Alam, Selangor.

The Group is also strengthening its quarry business by continuing to search for new quarry sites, which the Group will be able to obtain exclusive rights to extract and sell quarry products. The Pantai Quarry 2 which is located in Mukim Pengkalan Baharu, Daerah Manjung, Perak, operations is expected to commence in November 2014 after a delay in September 2014.

20. Memorandum of Agreement ("MOA")

The Group had on 11 November 2014 entered into a Memorandum of Agreement ("MOA") with Mr Mooi Weng Wah and Madam Low Choon Len ("The Parties") for the purpose of acquiring 2,000,000 ordinary shares of RM1.00 each in the share capital of Glamour Heights Sdn Bhd ("GHSB"), together with 2 existing projects that GHSB is currently undertaking, namely Project 1 – Condo 1 and Project 2 – Meru Dream Park for an estimated total purchase consideration of RM27,450,000. ("Proposed Acquisition")

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20. Memorandum of Understanding (“MOU”) (continued)

The Group had on 24 June 2014 entered into a dealership MOU with Sany to act as a dealer of selected Sany’s products, i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016. Sany is part of the Sany Group Co. Ltd., one of the largest public listed companies in China, and is principally involved in manufacturing of heavy equipment and machinery.

The Group had on 19 November 2014 entered into a Memorandum of Understanding with P.T. Gold Port Mineral (“PT Goldport) to explore the possibility of collaborating with each other to commence mining works at the offshore diamond and gold mining concession located in Indonesian territory with an aggregate land coverage are of 136.700 hectares with license from the Governor of Indonesia and Badan Koordinasi Penanaman Modal (Foreign Investment Body of Indonesia) (“Concession”)

21. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Group is as follows:

	As at 30 Sep 2014 RM’000	As at 31 Dec 2013 RM’000
Total accumulated losses of the Company and its subsidiaries		
Realised	(3,272)	(19,471)
Unrealised	-	-
Total Group accumulated losses	<u>(3,272)</u>	<u>(19,471)</u>

22. Profit forecast/profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public.

23. Tax expense

Tax expense is as follows:

	Current Quarter RM’000	Current Year-to-date RM’000
Current tax expense :		
- current quarter/ year-to-date	79	287
- under/(over) provision in prior year	58	190
Current deferred tax	-	-
	<u>137</u>	<u>477</u>

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24. Status of corporate proposals

a) Private Placement

As at 31 December 2013, the utilisation of the proceeds of RM6,043,600 from the Private Placement is as follows:-

	Time frame for utilisation of proceeds (from 10 October 2013)	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	
To finance the leasing, development, operation and maintenance of potential new quarry site(s)	Within 12 months	5,860	5,860	-	*
Estimated expenses in relation to the Private Placement	Within 1 month	184	184	-	#
		<u>6,044</u>	<u>6,044</u>	<u>-</u>	

* Full utilisation of such proceeds.

In view of the actual Private Placement expenses were lower than estimated, the excess of RM90,299 are utilised to finance the leasing, development, operation and maintenance of potential new quarry site(s).

b) Rights Issue

The Group's shareholders had, at the EGM held on 7 August 2014 approved the Rights Issue of Shares with Warrants, which entails the issuance of up to 332,689,500 Rights Shares together with up to 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held by the Entitled Shareholders at an issue price of RM0.15 per Rights Share.

Bursa Securities has vide its letter dated 8 July 2014 approved the following:

- (i) listing of and quotation for the Rights Shares;
- (ii) admission to the Official List of Main Market of Bursa Securities and the listing of and quotation for the Warrants; and

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25. Status of corporate proposals (Continued)

b) Rights Issue (continued)

- (iii) listing of and quotation for the new MRB Shares to be issued pursuant to the exercise of the Warrants;

on the Main Market of Bursa Securities.

On 24 October 2014, the Group fixed the issue price of the Rights Shares at RM0.15 per Rights Share and the exercise price of the Warrants of RM0.15 per Warrant.

26. Group borrowings

The Group's borrowings are as follows:-

	As at 30 Sep 2014 RM'000	As at 31 Dec 2013 RM'000
<u>Current liabilities- secured</u>		
Hire purchase creditors	3,296	3,188
Term loans	1,626	6,165
Trade financing/short term borrowings	1,475	52
<u>Current liabilities- unsecured</u>		
Trade financing/short term borrowings	4,361	4,976
<u>Non-current liabilities- secured</u>		
Hire purchase creditors	9,322	5,879
Term loans	180	1,729
Total borrowings	20,260	21,989

27. Material Litigation

The Group is not engaged in any material litigation as at the date of this report other than the following:

- a) Status update on the Writ of Summons dated 1 April 2013 served by the Company's wholly owned subsidiary, Optimis Dinamik Sdn Bhd ("ODSB") to Sri Manjung Granite Quarry Sdn Bhd ("SMGQ"):-

On 1 April 2013, the Company through its Advocates, Messrs CK Oon & Co. served on the Defendant, SMGQ, through its Advocates, Messrs Gan Partnership, and submitted to the Arbitrator and the High Court of Kuala Lumpur, Commercial Division for Arbitration its Statement of Claim for the sum of RM43,397,367 being the loss of profit calculated from 2013 to 2021 and sum of RM14,818,447 being the NBV for fixed assets.

27. Material litigation (Continued)

On 16 April 2013 Case Management, ODSB has been served a Defence and Counter claim by the Defendant, SMGQ. The Defendant contends that ODSB violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave ODSB a period of 60 days to vacate the quarry and return the quarry to the Defendant via Defendant's solicitors' letter dated 20 Dec 2012. In addition, the Defendant counter claim for the tribute of RM256,300.24 for the months of October and November 2012, respectively for RM169,095.35 and RM87,204.89 and the forwarding agency fee for materials shipped to Singapore for the months of September, October and November 2012 in the sum of RM24,623.50.

On 15 May 2013 Case Management, the learned judge informed both parties that she would like to deal with the Defendant's injunction application first. In any event, the judge has fixed a hearing date for the Defendant's injunction application on 29 May 2013.

On 29 May 2013 Defendant's injunction, the learned Judge has directed the plaintiff to deliver vacant possession of the site to the Defendant on or before 12 July 2013. On the remaining stockpiles, both parties have agreed to conduct a joint survey to determine the value of the remaining stockpiles. The joint survey on the stockpile was postponed and carried out on 22 July 2013.

On 19 July 2013 Case Management, the learned judge instructed both parties to file, amongst other things, the Common Bundle of Documents on the next case management.

On 19 September 2013 Case Management, the learned judge has fixed another Case Management on 19 November 2013.

The Case Management was postponed to 9 December 2013, and then further postponed to 15 January 2014.

The Trial of the matter initially scheduled on 24 and 25 March 2014 has been vacated and a new trial date will be fixed upon disposal of the application to amend the Statement of Claim.

The trial dates on 22 and 23 September 2014 have been vacated as there is another suit filed jointly consisting of ODSB, MQSB and K.S. Chin Minerals Sdn Bhd ("KSCM"), our wholly-owned subsidiary, against SMGQ and its shareholders (i.e. Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014). An application to consolidate both these suits is currently being prepared.

SMGQ has also filed two (2) further applications recently wherein one (1) is to obtain further and better particulars and the other is to amend their defence and

27. Material litigation (Continued)

counter-claim. ODSB on obtaining their solicitors advice on both the applications furnished the particulars requested and consented to the amendment application as ODSB will have a right to reply to the amendments in order to save cost and time. ODSB's solicitors are in the midst of preparing the application.

ODSB's solicitors are of the view that ODSB has a reasonable prospect of succeeding in its claim for damages and it is for SMGQ to prove its counter-claim. The exposure of liabilities as a result of this would be the amount claimed in SMGQ's counter claim (in the event that SMGQ's counter claim is allowed with cost and ODSB's claim is dismissed with cost) and the legal fees incurred in ODSB's engagement of the solicitors to litigate this matter amounting to approximately RM500,000.

- b) On 29th May 2014, KS Chin Minerals Sdn. Bhd. ("KSCM"), a wholly owned subsidiary of the Group, was served a Writ of Summons and Statement of Claim in respect of the suit filed by Diman Kuari Sdn Bhd ("DKSB").

KSCM's solicitors filed the Memorandum of Appearance on 6 June 2014, and attended the Case Management on 9 June 2014 and obtained directions from the High Court in respect of the conduct of the case. KSCM's solicitors filed the amended statement of defence and counter-claim against DKSB on 31 July 2014. Further claims for quarry development cost and demobilisation cost are also being tabulated and finalised against DKSB.

During the case management on 15 October 2014, the solicitors were informed to comply with the pre-trial case management directions and a further case management date was fixed on 26 November 2014. The initial trial scheduled on 6 to 8 April 2015 has been vacated and rescheduled to 5 to 7 May 2015.

KSCM's solicitors are of the opinion that KSCM has a reasonable prospect in succeeding in dismissing DKSB's claim and its counter-claim. The estimated maximum exposure to liabilities is RM1,907,750.00, interest on judgment sum if DKSB is successful together with cost and KSCM's legal cost.

28. Dividends

No interim dividend has been declared or recommended in respect of the financial quarter under review.

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29. Earnings/Loss per share

	<u>Individual Quarter</u> Current Year Quarter ended 30 Sep 2014	<u>Cumulative Quarter</u> Current Year To Date ended 30 Sep 2014
Net Profit attributable to the owners of the company (RM'000)	205	(397)
Weighted average number of ordinary share of RM0.15 each ('000)	309,224	309,224
Basic earnings per share (sen)	0.07	(0.13)

The Group has no dilution in its earnings per ordinary share in the current quarter and the preceding year as there are no dilutive potential ordinary shares.

30. Notes to the Consolidated Statement of Comprehensive Income

	Current quarter 30.09.2014 RM'000	Current Year to date 30.09.2014 RM'000
Depreciation	2,523	7,231
Bad debts written off	-	-
Reversal impairment on receivables	-	-
Impairment of goodwill arising on consolidation	-	-
Impairment on investment property	-	-
Property, plant and equipment written off	158	370
Share based payment	-	-
Gain on disposal of non-current assets classified as held for sale	-	-
Gain on disposal of property, plant and equipment	-	(107)
Gain on disposal of subsidiary companies	-	-
Loss on disposal of property, plant and equipment	-	180
Fair value adjustment on non-current liabilities	-	-
Unrealised gain / (loss) on foreign exchange	-	-

31. Authorised for issue

The interim financial statements for financial period ended 30 September 2014 has been seen and approved by the Board of Directors of MRB on 20 November 2014 for release to the Bursa Securities.

By Order of the Board
Tai Yit Chan (MAICSA 7009143)
Company Secretary
20 November 2014